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C O N F I D E N T I A L ABUJA 001675

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E.O.12958: DECL: 5/23/12

TAGS: PREL PGOV EINV ETRD BTIO NI

SUBJECT: NIGERIA: OBASANJO NOT WILLING TO OVERTURN
TARIFF -- PROCTOR AND GAMBLE

REF: ABUJA 1594

CLASSIFIED BY CHARGE TIM ANDREWS. REASON 1.5 (B) AND
(D).

¶1. (C) During a late evening May 18 conversation with Ambassador Jeter (rest of meeting reported reftel), President Obasanjo remarked that he would not reverse the decision raising the tariffs on detergent, including Proctor and Gamble's Ariel brand. While wanting to encourage Proctor and Gamble (P&G) to invest heavily in Nigeria, he would not tilt the economic playing field in the company's favor, he stated.

¶2. (C) Ambassador Jeter explained that P&G wanted to invest but the only way the investment was feasible would be if P&G made a profit from their Ibadan operation. By decimating Ariel's price competitiveness, the tariff would reduce sales and profits, thus rendering the company's investment plan unworkable. Obasanjo responded that he could not show favoritism to P&G just because it was an American company. That was not the free market and fair competition, he quipped. Other detergent manufacturers faced the same situation but had built production facilities here. Lifting the tariff would unfairly penalize these companies, something Obasanjo said he was not prepared to do. Despite his opposition to Proctor and Gamble's position, Obasanjo stated that he would be willing to talk to Proctor and Gamble officials when he visited Washington in mid-June.
Andrews